

## Message Text

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ACTION EA-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-08  
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 L-03 ITC-01 PA-01 PRS-01 /099 W  
-----027738 240541Z /21

R 240444Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4128

USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 13219

USMTN

E.O. 11652: GDS

TAGS: EINVN, ETRD, RP, US

SUBJECT: US/RP ECONOMIC TREATY TALKS

REF: (A) MANILA 13040, (B) STATE 199260

1. SUMMARY. VEGA HAS CONVEYED GOP WORKING LEVEL REACTION TO USG DRAFT ON GSP WAIVER BY HANDING US REVISED VERSION WHICH IS CARRIED VERBATIM BELOW. HE INDICATED THERE IS GOP SENTIMENT FOR AN ECONOMIC TREATY AS A BALANCE TO JAPAN AND AS "GOOD INSURANCE." HE AGREED WITH HEGINBOTHAM CONTINUING PRE-NEGOTIATION DISCUSSION ON OCCASION OF US/ASEAN ECONOMIC CONSULTATIONS NEXT MONTH. VEGA STRESSED THAT HE WAS SPEAKING WITH THE AUTHORITY OF THE GOP INTERAGENCY COMMITTEE ON TARIFFS AND TRADE RELATED MATTERS, THE CHAIRMAN OF WHICH (AMBASSADOR SUAREZ), AND TWO OTHER MEMBERS WERE PRESENT DURING OUR CALL. END SUMMARY.

2. ACTING E/C COUNSELOR AND EMBOFF CALLED ON VEGA AUGUST 23 IN VIRATA'S CONFERENCE ROOM IN CENTRAL BANK AND DISCOVERED THAT AMBASSADOR PABLO SUAREZ AND GEORGE CONFIDENTIAL

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ARIZABAL OF DFA ECONOMIC AFFAIRS OFFICE, AND REGINALD VELASCO OF NEDA POLICY COORDINATION STAFF WERE ALSO PRESENT TO PARTICIPATE IN MEETING. VEGA STATED THAT THE GOP INTERAGENCY COMMITTEE ON TARIFFS AND TRADE RELATED MATTERS (TTRM) HAD REVIEWED LATEST USG TEXT ON GSP WAIVER AND HAD COME UP WITH A SLIGHTLY REVISED VERSION WHICH IT FEELS IT COULD RECOMMEND TO ITS PRINCIPALS. TTRM, HOW-

EVER, WANTED FIRST TO ELICIT USG REACTION BEFORE PROCEED-  
ING FURTHER.

3. VEGA HANDED OVER FOLLOWING TEXT. BEGIN QUOTE:  
PHILIPPINE TEXT ON THE BASIS OF LATEST U.S. HYPOTHETICAL  
COMPETITIVE NEED WAIVER LANGUAGE. SUBJECT TO THE REQUIRE-  
MENTS OF U.S. LAW AND POLICY APPLIED IN THE ADMINISTRATION  
OF THE U.S. GENERALIZED SYSTEM OF PREFERENCE AND U.S. IN-  
TERNATIONAL OBLIGATIONS, WITHIN THE LIMITES OF DISCRETION  
AVAILABLE AND TAKING INTO ACCOUNT PHILIPPINE DEVELOPMENT  
NEEDS, THE UNITED STATES SHALL ACCORD TO PRODUCTS OF THE  
PHILIPPINES LISTED IN ANNEX --- (ELIGIBLE FOR INCLUSION  
IN THE U.S. GENERALIZED SYSTEM OF PREFERENCES) TREATMENT  
NO LESS FAVORABLE THAN THAT ACCORDED LIKE PRODUCTS OF ANY  
THIRD COUNTRY OF THE GENERALIZED SYSTEM OF PREFERENCES  
AUTHORIZED PURSUANT TO U.S. LAWS. IN PURSUANCE OF THIS  
COMMITMENT, THE UNITED STATES WILL REVIEW ANNUALLY THOSE  
PRODUCTS FROM THE PHILIPPINES OTHER THAN THOSE IN ANNEX  
---- WHICH MAY BE EXCLUDED FROM GSP BY THE REQUIREMENTS  
OF SECTION 504 (C) (1) OF THE TRADE ACT OF 1974 ON AN  
ARTICLE-BY-ARTICLE BASIS. TO THE EXTENT POSSIBLE, THIS  
REVIEW WILL TAKE INTO ACCOUNT PHILIPPINE DEVELOPMENT NEEDS  
AND THE VIEWS OF THE GOP WITH RESPECT TO THE AFFECTED  
ITEMS. END QUOTE.

4. WE TOLD VEGA AND OTHER GOP OFFICIALS THAT USG WAS RE-  
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VIEWING OUR RESPECTIVE POSITIONS ON INVESTMENT AND THAT  
HEGINBOTHAM WOULD DISCUSS THE SUBJECT IN MANILA IN SEPTEM-  
BER. WE NOTED THAT BOTH MRS. MANALO AND VIRATA HAD  
STRESSED THAT THE GOP WANTED TO HOLD BILATERAL TALKS AFTER  
REPEAT AFTER THE US/ASEAN CONSULTATIONS SO AS TO AVOID  
AROUSING ANY SENSITIVITIES ON THE PART OF THE OTHER ASEAN  
COUNTRIES. THAT WOULD PROBABLY MEAN SEPTEMBER 10.

5. NEITHER VEGA NOR THE OTHER GOP OFFICIALS WERE AWARE  
THAT AMBASSADOR ROMALDEZ HAD PROPOSED RESUMPTION OF ECO-  
NOMIC NEGOTIATIONS ON SEPTEMBER 6. ARIZABAL OPINED THAT  
DFA DID NOT SEND ANY INSTRUCTIONS, SO IT MUST HAVE BEEN  
THE PALACE. IN ANY CASE, GOP OFFICIALS PROMISED TO CHECK  
FURTHER AND ASCERTAIN WHETHER THE TALKS WOULD BE ON THE  
6TH OR THE 10TH.

6. EMBOFFS EXPRESSED THE VIEW THAT THE SEPTEMBER DIS-  
CUSSIONS WITH HEGINBOTHAM WOULD CONTINUE ON THE LEVEL OF

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C O N F I D E N T I A L SECTION 2 OF 2 MANILA 13219

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THE PRE-NEGOTIATIONS WHICH BOTH VIRATA AND WE DESIRED.  
VEGA AGREED READILY. COOPER'S NAME WAS MENTIONED ONLY  
TANGENTIALLY, AND VEGA AND GOP OFFICIALS CLEARLY EXPECT  
THAT THEY WILL BE TALKING TO HEGINBOTHAM.

7. VEGA ASKED FOR 1976 U.S. STATISTICS ON 24 TSUSA  
ITEMS, WORLDWIDE IMPORTS AND PHILIPPINE SHARE. HE SAID  
USG ALWAYS REFERS TO ITS OWN STATISTICS, AND GOP WAS  
PREPARED TO ACCEPT THEM FOR THE DISCUSSIONS. HE ASKED  
FOR STATISTICS ON THE FOLLOWING TSUSA NUMBERS:

240.02	(EX) 240.17	170.40
146.44	315.35	170.45
206.45	150.00	170.60
240.38	165.46	165.44
240.40	366.84	315.30

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305.40	365.82	532.24
741.40	705.58	705.86

792.50 706.14 727.10

8. WE SOUTHT TO CLICIT SOME INFORMATION REGARDING THE RENEWED GOP INTEREST IN AN ECONOMIC TREATY WITH THE UNITED STATES. VEGA SAID HE THOUGHT THE USG ITSELF WAS EXTREMELY INTERESTED IN A SUCCESSOR AGREEMENT IN THE IMMEDIATE POST-11 YEARS. WHEN WE SAID WE THOUGHT TRADE AND INVESTMENT HAD PROSPERED IN THE MEANTIME, VEGA STRESSED THAT IT WOULD BE STRANGE FOR THE PHILIPPINES TO HAVE A TREATY WITH JAPAN AND NONE WITH THE UNITED STATES. ABOVE ALL, VEGA SAID IT WAS "GOOD INSURANCE" BUT DID NOT EXPLAIN WHAT HE MEANT BY THAT.

9. ACTION REQUESTED: WE WOULD APPRECIATE THE DEPARTMENT FURNISHING THE TRADE STATISTICS WHICH VEGA REQUESTED ON THE TSUSA NUMBERS GIVEN. THEY PROBABLY REFLECT GOP REQUESTS FOR GSP INCLUSION. SIGNIFICANTLY, SUGAR IS OMITTED.

10. ADDENDUM: AMBASSADOR SUAREZ TELEPHONED MORNING OF AUGUST 24 TO INFORM THAT GOP DESIRES BILATERAL ECONOMIC TALKS BE HELD SEPTEMBER 6 WITH THE MORNING OF SEPTEMBER 7 RESERVED FOR ANY SPILLOVER. GOP, WHILE STILL AWARE OF POSSIBLE ASEAN SENSITIVITIES, WAS AFRAID THAT SEPTEMBER 10 MAY BE TOO LATE AND THERE MIGHT NOT BE ENOUGH TIME.  
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## Message Attributes

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**Secure:** OPEN  
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**To:** STATE GENEVA  
**Type:** TE  
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**Review Markings:**  
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